

Financing and Market Design

Working Group #5

Common Themes

- ▶ This is the **most solution-oriented bucket** in the responses.
- ▶ Repeated themes:
 - ▶ PJM capacity costs are viewed as the most immediate wholesale driver of bill increases
 - ▶ large loads should bear more direct cost responsibility
 - ▶ Maryland lacks strong retail price signals that reward flexibility
 - ▶ demand response is the most repeated near-term policy tool across respondents
- ▶ Demand response appears across:
 - ▶ utilities
 - ▶ competitive suppliers
 - ▶ consumer advocates
 - ▶ government respondents

Areas of Disagreement

- ▶ Main disagreement centers on **how much Maryland should intervene directly versus relying on PJM reforms.**
- ▶ Some support:
 - ▶ stronger state procurement
 - ▶ bilateral contracting
 - ▶ state-managed resource adequacy options
- ▶ Others prefer:
 - ▶ preserving competitive market structures
 - ▶ focusing on tariff reforms and demand response participation

Particularly Interesting Points

- ▶ One of the strongest recurring practical ideas is that Maryland state facilities themselves could provide demand response but lack centralized participation strategy.
 - ▶ “Maryland lacks a central strategy for enabling flexibility in state facilities.”

Potential Solutions

As identified by working group participants in a survey earlier this year.

Solution	Working Group
Create a low-income rate class	Financing & Market Design, Energy Burden
Targeted energy efficiency program deployments	Financing & Market Design, Energy Burden
Rate classes for high demand users in lucrative industries (data centers & biomed)	Financing & Market Design
Address how utilities are recovering increased costs passed down by PJM or infrastructure upgrades	Financing & Market Design
Allocating costs of new G&T investments to those responsible	Financing & Market Design
Appeals to PJM and FERC for better cost allocation for out-of-state data centers	Financing & Market Design
Develop a strategy for demand response to “find” extra capacity	Financing & Market Design
Portfolio planning as a PJM region, not as state of Maryland	Financing & Market Design
Rein in unnecessary utility spending on gas infrastructure, unnecessary transmission, etc.	Financing & Market Design
Carving out demand-response programs from Maryland Senate Bill 1 2024	Financing & Market Design
Virtual Power Plant (VPP) integration	Financing & Market Design
Better define gas generators in state classification as “non-residential”	Financing & Market Design, Disconnect Among Policy Goals
Clarify that the Natural Gas Line Extension Order (2025) should not apply to new gas generation facilities	Financing & Market Design, Disconnect Among Policy Goals
Value-Added Products like incentives for smart home investment	Financing & Market Design, Energy Burden